

## Message Text

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ACTION XMB-04

INFO OCT-01 EUR-12 ISO-00 EB-07 EA-10 FEAE-00 CIAE-00

INR-07 NSAE-00 /041 W

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R 181310Z FEB 75

FM AMEMBASSY ANKARA

TO SECSTATE WASHDC 8002

USDOC WASHDC

AMCONSUL ISTANBUL

UNCLAS ANKARA 1371

STATE PASS EXIMBANK

E.O. 11652: N/A

TAGS: BEXP, XMB, TU

SUBJ: AFSIN-ELBISTAN

REF: A. ANKARA A-71, APRIL 25, 1973;

B. ANKARA 1935, FEBRUARY 15, 1974; C. STATE 63167, MARCH 30, 1974

IHSAN OZOL, ACTING SECRETARY GENERAL OF TREASURY, MINISTRY OF FINANCE, IN LETTER OF FEBRUARY 7 REGARDING AFSIN-ELBISTAN INTEGRATED LIGNITE DEVELOPMENT AND POWER PROJECT (SEE FEF A) STATES THAT, WITH UNDERSTANDING THAT EXIMBANK OF US, AND ITS COUNTERPARTS IN CANADA AND JAPAN, COULD BE INTERESTED IN FINANCING PART OF AFSIN-ELBISTAN PROJECT, GOT HAS DECIDED TO INVITE BIDS FOR LIGNITE BELT CONVEYOR SYSTEMS ONLY FROM FIRMS OF USA, CANADA, AND JAPAN.

2. THIS PORTION OF AFSIN-ELBISTAN PROJECT HANDLED BY TURKISH COAL ADMINISTRATION(TKI) WHICH PREPARING TENDER TO BE ISSUED ABOUT END MARCH. OZOL STATES FIRMS WILL BE INVITED TO BID ON BELT CONVEYOR SYSTEMS ON UNDERSTANDING THAT THEY WILL PRESENT BIDS TOGETHER WITH CREDIT OFFERS FROM RESPECTIVE EXPORT IMPORT BANKS OR SIMILAR INSTITUTIONS.

3. OZOL ASKS EMBASSY COOPERATION IN PROMOTING RESPONSE DIRECTLY  
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TO TKI ON AVAILABILITY, TERMS AND CONDITIONS OF EXIMBANK CREDIT

FOR FINANCING BELT CONVEYOR SYSTEMS.

4. TKI OFFICIAL RESPONSIBLE FOR PROJECT TOLD EMBASSY THAT (A) PROJECT INVOLVES 45 BELT CONVEYOR SYSTEMS INCLUDING MECHANICAL AND RUBBER PARTS, ELECTRICAL CONTROL UNITS, LOADING STATIONS, AND DISTRIBUTION STATIONS; (B) BELT CONVEYOR SYSTEMS VALUED AT AROUND \$40 TO \$50 MILLION; (C) LARGE BELT SYSTEMS TO BE USED IN OPEN CAST LIGNITE MINING OPERATION; (D) TKI DRAFT SPECIFICATIONS STIPULATE SUPPLIERS MUST PROVE THEY HAVE ALREADY MANUFACTURED SPECIFIED EQUIPMENT WHICH NOW IN USE, AND SUPPLY END-USER REFERENCE; (E) BECAUSE OF LATTER (D) REQUIREMENTS, TKI OFFICIAL DOUBTS USA OR CANADIAN OR JAPANESE FIRMS ABLE QUALIFY. BUT TKI SUGGESTS US FIRM MAY FORM JOINT VENTURE WITH GERMAN OR FRENCH FIRMS WHICH TKI STATES ONLY MANUFACTURERS WITH EXPERIENCE THIS TYPE EQUIPMENT. SUCH JOINT VENTURE MUST ALSO INCLUDE TURKISH FIRM FOR FABRICATING PARTS AVAILABLE IN TURKEY.

5. FOREIGN EXCHANGE COSTS OF ENTIRE AFSIN-ELBISTAN LIGNITE AND POWER PROJECT NOW ESTIMATED ABOUT \$700 MILLION. WORLD BANK HAS COMMITTED \$148 MILLION (ITS LARGEST SINGLE PROJECT LOAN) TO THIS PROJECT AND OTHER LOANS GIVEN BY EIB, GERMANY, FRANCE, ITALY, AND BELGIUM. WHEN FINISHED PROJECT WILL ADD 1,200 MEGAWATTS TO TURKEY'S POWER AND MAKE TURKEY LESS DEPENDENT ON IMPORTED OIL.

6. EMBASSY HAS ACKNOWLEDGED OZOL'S LETTER STATING THIS PROPOSAL FORWARDED TO EXIMBANK FOR CONSIDERATION. EMBASSY WOULD LIKE TO BE RESPONSIVE REGARDING AVAILABILITY OF EXIMBANK FINANCING FOR CONVEYOR BELT SYSTEMS AND WOULD APPRECIATE IF EXIMBANK WOULD EXAMINE POSITIVE WAY HELP FINANCE PARTICIPATION BY US SUPPLIERS IN THIS PORTION AFSIN-ELBISTAN PROJECT.  
MACOMBER

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## Message Attributes

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**Disposition Authority:** n/a  
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**Disposition Comment:**  
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**Original Handling Restrictions:** n/a  
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**Reference:** 75 ANKARA A-71, 75 APRIL 25, 75 1973  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** ElyME  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 16 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <16 MAY 2003 by McShalBA>; APPROVED <08 JAN 2004 by ElyME>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
05 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006